

STAFF REPORT

Date: June 12, 2024

To: Mayor and City Council

Through: Doug Thornley, City Manager

Subject: Staff Report (For Possible Action) Discussion and potential approval of a revision to the 1,000 Homes in 120 Days Agreement between the City of Reno and ECI Riviera 2, LLC to extend the Stevenson Apartments (i.e. Mod at Riverwalk 2) fee deferral payment by up to 180 days on parcel 011-025-10, located south of West Second Street and east of Stevenson Street.

From: Angela Fuss, Assistant Director of Development Services

Department: Development Services

Summary:

The 1,000 Homes in 120 Days program was adopted by Council through Resolution No. 8729 in October 2019. The purpose of the program was to accelerate the construction of new residential units within the urban core by deferring building permit and sewer connection fees over a five-year period of time. The Stevenson Apartments (now called Mod at Riverwalk 2), located at 344 West Second Street, were approved to be included in the program. The project was fully constructed and received the Certificate of Occupancy in August 2023, which triggers the one year clock for the first payment of the deferred fee payments. The first payment is due in August 2024. The applicant has requested a 180-day payment deferral to allow for additional time to lease the 69-apartment unit project. Staff is recommending Council approve the 180-day time extension to start the repayment of fees.

Alignment with Strategic Plan:

Economic and Community Development

Previous Council Action:

November 8, 2023 – Council sunsetted the 1,000 Homes in 120 Days program. Any projects that were already approved or had submitted for a building permit by December 31, 2023, were allowed to stay in the program.

July 29, 2020 – Council approved a Resolution, authorizing the City Manager to execute the assignment of fee deferral agreements under the 1,000 Homes in 120 Days program to affiliated

entities.

February 26, 2020 – Council approved the fee deferral agreement associated with the 1,000 Homes in 120 Days program for the Stevenson Apartments.

February 12, 2020 – Council approved Ordinance No. 6542, establishing a Building Permit and Sewer Connection Fee Deferral of five years for approved projects pursuant to Resolution No. 8729 (1,000 Homes in 120 Days program) and the Executed Development Agreement for fee deferral.

January 22, 2020 – Council approved the list of applicants for the 1,000 Homes in 120 Days program and authorized staff to enter into agreements with those applicants.

December 11, 2019 – Council received an update on the program status and number of applications received to date. At that time, Council directed staff to continue to receive applications above and beyond the initial limit of 1,000 units and to consider projects that are outside of the initial boundary but that further the City's objectives of promoting infill development.

October 2, 2019 – Council approved Resolution No. 8729, creating and setting forth the general parameters for the 1,000 Homes in 120 Days program.

Background:

On February 26, 2020, Council approved the Stevenson Apartments to be included in the 1,000 Homes in 120 Days fee deferral program. Since that time, the project, now referred to as the Mod at Riverwalk 2, has been constructed. The five-story apartment project consists of 69 apartments, made up of one and two-bedroom units and leasing at market rate rental prices. The program allows fees for sewer connection and building permits to be deferred over a five-year period. Equal installment payments are due every year for five years on the anniversary of the Certificate of Occupancy. The subject site received the Certificate of Occupancy in August 2023, which means the first of five installment payments is due in August 2024. The total amount due is \$361,421.66, resulting in five payments of \$72,284.33.

The developer, ECI Riviera 2 LLC, has submitted a letter requesting an extension of time to make the first payment. The request is for up to 180 days, or upon securing permanent financing, whichever comes first. Extending the first payment would push the August due date out to January 2025.

Discussion:

The 1,000 Homes in 120 Days program kicked off in early 2020. COVID hit in March of the same year, resulting in significant impacts to the development community. These impacts result from a number of different reasons including, but not limited to, uncertainty in the housing market, contractor and staffing issues, global supply chain issues, and changes in interest rates. As a result, many development projects have been stalled or altogether shelved.

This project in particular has faced significant challenges stemming from COVID and market conditions, resulting in delays in bringing the product to market. While they were able to overcome the many delays, they are continuing to struggle with leasing units at a rate that allows them to secure permanent financing. As a result, they are asking for a 180-day delay in repayment of the first installment of the 1,000 Homes in 120 Days fee deferral. The first installment of \$72,284.33 is due in August. The developer is requesting a delay of up to 180 days or upon securing permanent financing.

Coming out of COVID, we are continuing to see fluctuations in market conditions and in the economy that are having impacts on housing in the region. The more we do to keep these projects moving forward, specifically the ones that are built and working to lease units, the better off we are at maintaining an overall healthy housing balance.

Financial Implications:

The fee deferral will not modify the total amount of fees to be deferred.

Legal Implications:

Legal review completed for compliance with City procedures and Nevada law.

Recommendation:

Staff recommends Council approve the request for an up to 180-day time extension for repayment of the 1,000 Homes in 120 Days fee deferral.

Proposed Motion:

I move to support staff recommendation.

Attachments:

Exhibit A – Developer Request to Defer Fee Payment

Exhibit B – 1,000 Homes in 120 Days Fee Deferral Agreement for 344 W. 2nd Street

Exhibit C – Vicinity Map